A Monthly Report from The Conference Board

# INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

NOVEMBER, 1984

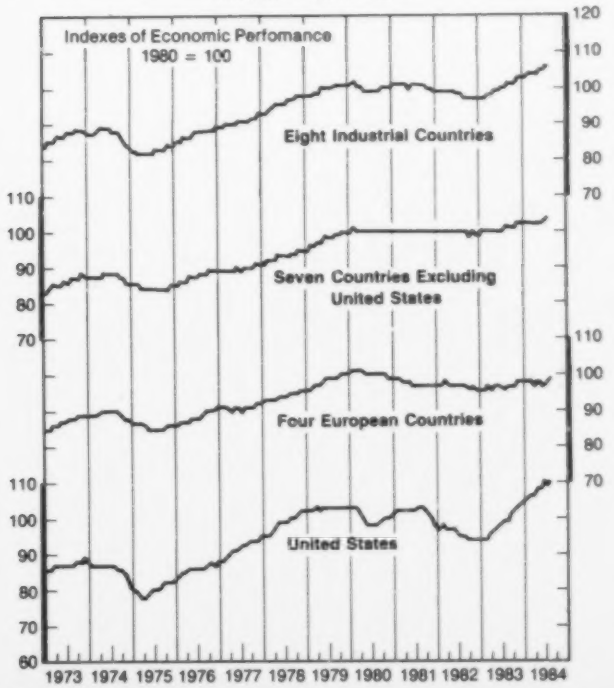
## SUMMARY

The recovery phase of the business cycle continues as the dominant trend among the major countries, but a great deal of diversity is seen in the pace of advance. In Australia, rapid expansion is still in prospect, judging from the 11% annual growth rate in its leading index for August. Japan's leading index has slowed to a still-healthy 8% growth rate, while in Europe and North America the leading indexes, with one exception, are rising in the 3 to 5% range. The exception is the United Kingdom, where the recovery has at least temporarily stalled with both the leading and performance indexes registering a 1% decline. The timing of this setback is clearly associated with the coal strike. For the eight industrial countries taken together, the leading and performance indexes both turned in a 5% growth rate in August—less than ebullient, but well above the 3% trend rate of growth that characterized the decade 1969 to 1979.

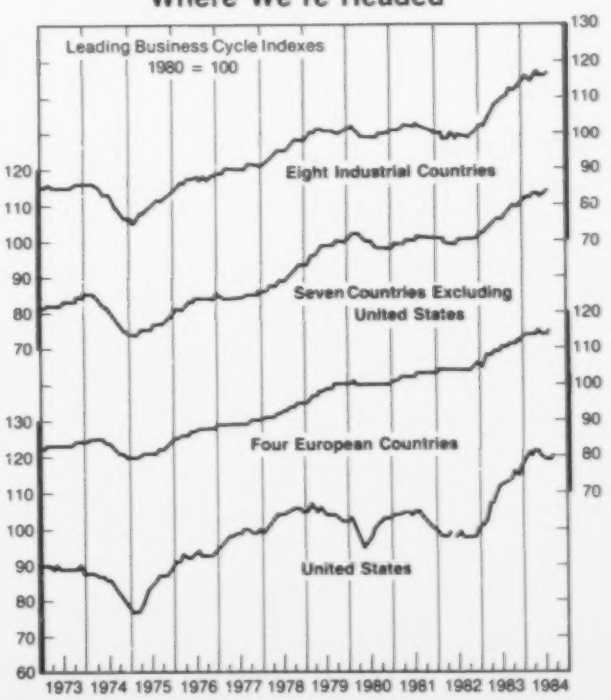
| | | *Indexes of Economic Performance Growth Rates** | | | *Leading Business Cycle Indexes Growth Rates** | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | *Ten-year Growth Rate 1969-79* | *6 mos. ago* | *3 mos. ago* | *Latest month* | *6 mos. ago* | *3 mos. ago* | *Latest month* | *Current Reading on the Cycle* | *Latest Month Covered* |
| | | *annual rates, percent* | | | | | | | |
| United States | 3 | 11 | 11 | 7 | 12 | 6 | 4 | Expansion slowing | Sept. |
| Canada | 4 | 4 | 3 | 4 | 7 | 5 | 4 | Expansion continuing | Aug. |
| United Kingdom | 2 | 2 | 0 | – 1 | 3 | 2 | – 1 | Recovery stalling | Aug. |
| West Germany | 3 | 4 | 2 | 3 | 7 | 7 | 4 | Recovery continuing | Aug. |
| France | 4 | – 1 | 0 | 2 | 9 | 9 | 5 | Recovery continuing | Aug. |
| Italy | 3 | 0 | – 1 | 0 | 9 | 6 | 3 | Recovery getting under way | May/Aug. |
| Japan | 5 | 5 | 5 | 4 | 11 | 10 | 8 | Expansion continuing | Aug. |
| Australia | 4 | 8 | 12 | 7 | 14 | 8 | 11 | Expansion continuing | Aug. |
| 8 countries | 3 | 7 | 6 | 5 | 12 | 8 | 5 | Expansion slowing | Aug. |
| 7 countries ex. U.S. | 4 | 3 | 2 | 3 | 8 | 7 | 5 | Expansion continuing | Aug. |
| 4 European countries | 3 | 2 | 1 | 3 | 7 | 6 | 3 | Recovery getting under way | Aug. |

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

## Where We Are


Indexes of Economic Performance
1980 = 100
Eight Industrial Countries
Seven Countries Excluding United States
Four European Countries
United States
1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

## Where We're Headed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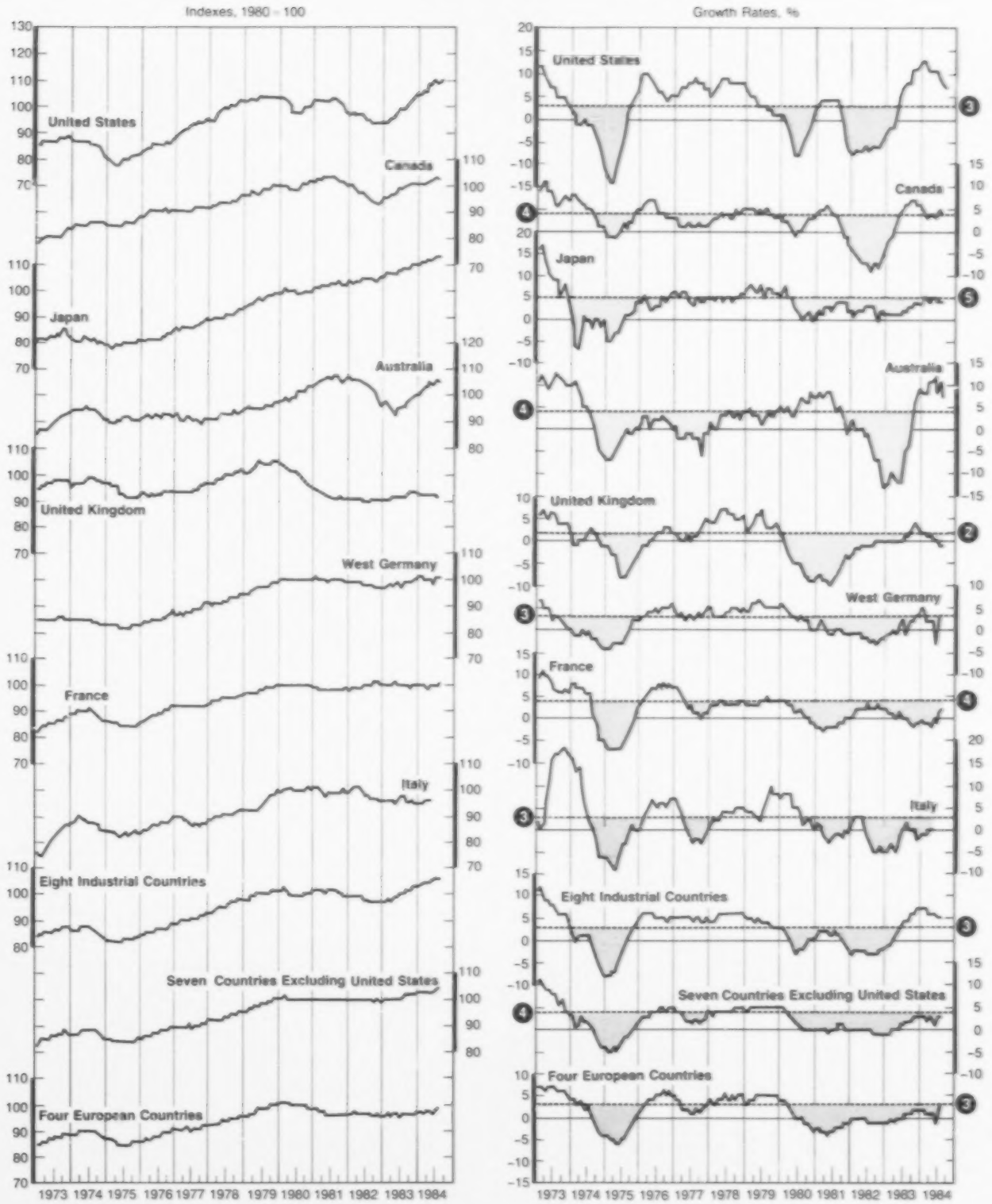
# Where We Are

## Indexes of Economic Performance

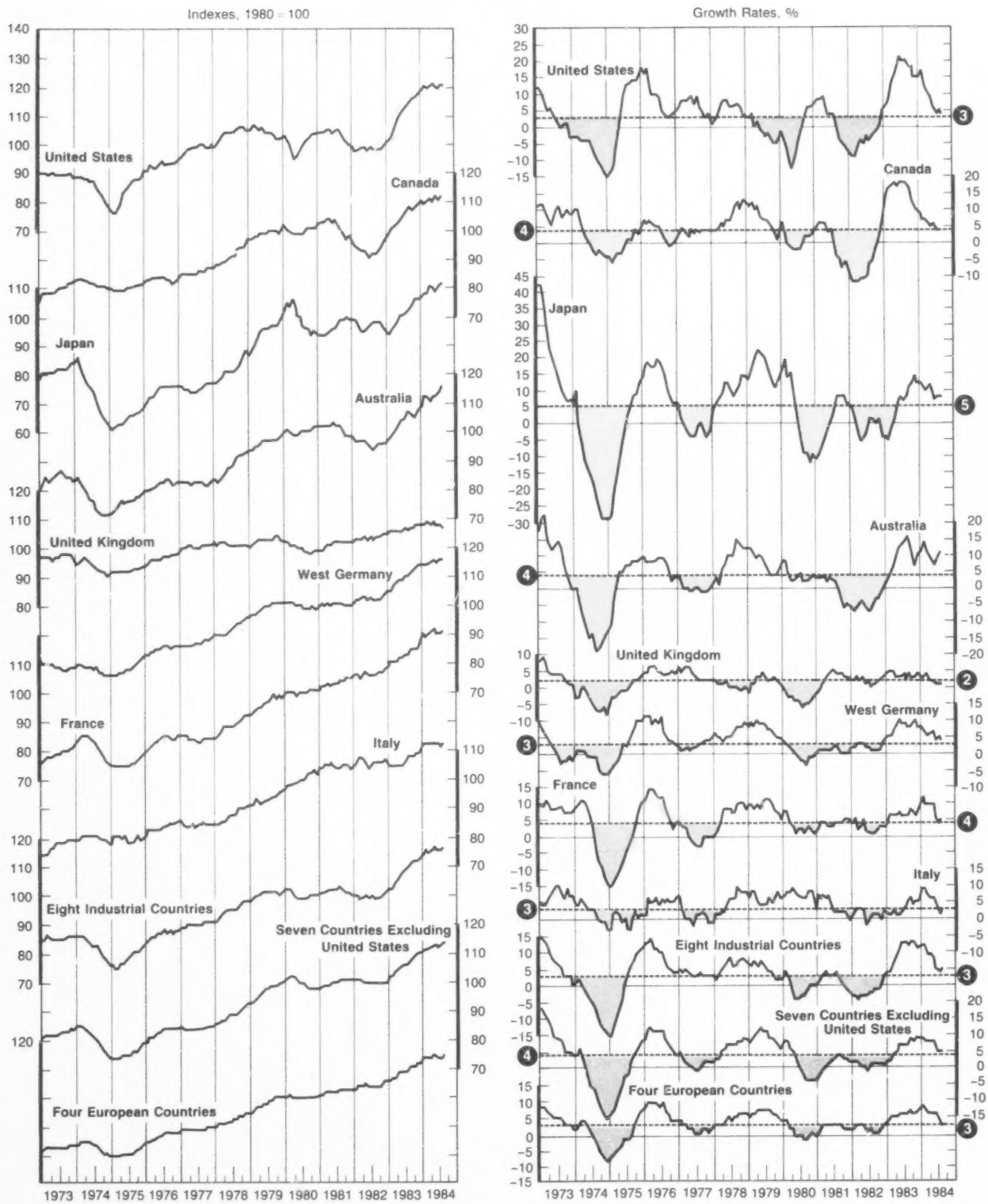



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP

Source: The Conference Board

# Where We're Headed

## Leading Business Cycle Indexes




Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

## INDEXES, EIGHT COUNTRIES, 1983-84

| | | U.S. | | Canada | | U.K. | | West Germany | | France | | Italy | | Japan | | Australia | | 8 Countries | | 7 Countries ex. U.S. | | 4 Countries Europe | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Indexes, 1980 = 100 | | | | | | | | | | | | | | | | | | | | | |
| | | Perf. | Lead. | Perf. | Lead. | Perf. | Lead. | Perf. | Lead. | Perf. | Lead. | Perf. | Lead. | Perf. | Lead. | Perf. | Lead. | Perf. | Lead. | Perf. | Lead. | Perf. | Lead |
| Apr. | 83 | 96 | 107 | 97 | 102 | 92 | 106 | 97 | 108 | 100 | 111 | 95 | 105 | 107 | 97 | 94 | 101 | 98 | 105 | 100 | 104 | 96 | 108 |
| May | 83 | 97 | 109 | 98 | 103 | 92 | 106 | 98 | 109 | 101 | 112 | 95 | 105 | 107 | 99 | 93 | 103 | 99 | 107 | 100 | 105 | 97 | 109 |
| June | 83 | 98 | 111 | 99 | 104 | 92 | 106 | 99 | 109 | 100 | 112 | 96 | 105 | 108 | 101 | 95 | 104 | 99 | 108 | 100 | 106 | 97 | 109 |
| July | 83 | 99 | 112 | 99 | 105 | 92 | 107 | 97 | 110 | 100 | 113 | 97 | 106 | 108 | 101 | 95 | 105 | 100 | 109 | 100 | 106 | 97 | 109 |
| Aug. | 83 | 99 | 113 | 100 | 107 | 92 | 106 | 98 | 110 | 100 | 113 | 97 | 108 | 109 | 102 | 96 | 107 | 100 | 110 | 101 | 107 | 97 | 110 |
| Sept. | 83 | 101 | 114 | 100 | 108 | 93 | 107 | 99 | 111 | 100 | 115 | 96 | 108 | 109 | 103 | 96 | 107 | 101 | 111 | 101 | 108 | 97 | 111 |
| Oct. | 83 | 102 | 116 | 101 | 107 | 93 | 107 | 99 | 112 | 99 | 115 | 96 | 108 | 109 | 104 | 98 | 106 | 101 | 112 | 101 | 109 | 97 | 111 |
| Nov. | 83 | 103 | 116 | 101 | 108 | 94 | 108 | 99 | 113 | 100 | 115 | 96 | 108 | 110 | 106 | 99 | 105 | 102 | 112 | 102 | 110 | 98 | 112 |
| Dec. | 83 | 104 | 117 | 101 | 109 | 94 | 108 | 100 | 114 | 100 | 117 | 95 | 109 | 110 | 106 | 100 | 108 | 103 | 113 | 102 | 110 | 98 | 112 |
| Jan. | 84 | 105 | 119 | 101 | 110 | 93 | 108 | 101 | 114 | 100 | 120 | 95 | 112 | 110 | 107 | 100 | 109 | 103 | 114 | 102 | 111 | 98 | 114 |
| Feb. | 84 | 106 | 121 | 101 | 109 | 93 | 108 | 101 | 114 | 100 | 119 | 95 | 112 | 112 | 108 | 101 | 112 | 104 | 116 | 102 | 112 | 98 | 114 |
| Mar. | 84 | 106 | 120 | 101 | 110 | 93 | 109 | 100 | 114 | 100 | 120 | 96 | 112 | 111 | 108 | 102 | 112 | 104 | 115 | 102 | 112 | 97 | 114 |
| Apr. | 84 | 108 | 121 | 102 | 111 | 93 | 108 | 100 | 115 | 99 | 121 | 96 | 112 | 112 | 110 | 103 | 111 | 104 | 116 | 102 | 113 | 98 | 114 |
| May | 84 | 108 | 122 | 102 | 110 | 93 | 109 | 100 | 116 | 100 | 122 | 96 | 112 | 112 | 110 | 105 | 112 | 105 | 117 | 102 | 113 | 98 | 115 |
| June | 84 | 110 | 121 | 103 | 112 | 93 | 108 | 98 | 115 | 100 | 120 | | 112 | 112 | 109 | 104 | 112 | 105 | 116 | 102 | 112 | 97 | 114 |
| July | 84 | 109 | 120 | 104 | 111 | 93 | 108 | 101 | 116 | 100 | 120 | | 111 | 113 | 111 | 106 | 114 | 106 | 116 | 103 | 113 | 98 | 114 |
| Aug. | 84 | 109 | 121 | 103 | 112 | 92 | 107 | 101 | 116 | 101 | 121 | | 112 | 113 | 112 | 105 | 116 | 106 | 117 | 104 | 114 | 99 | 115 |
| Sept. | 84 | 110 | 121 | | | | | | | | | | | | | | | | | | | | |
| | | Growth Rates, Percent | | | | | | | | | | | | | | | | | | | | | |
| Apr. | 83 | 2 | 15 | 2 | 18 | 0 | 3 | –1 | 8 | 0 | 6 | –5 | 1 | 1 | 1 | –12 | 9 | 1 | 9 | 0 | 5 | –1 | 5 |
| May | 83 | 5 | 18 | 4 | 17 | 0 | 3 | 1 | 10 | 1 | 7 | –4 | 1 | 1 | 6 | –12 | 12 | 2 | 11 | 0 | 7 | 0 | 6 |
| June | 83 | 7 | 21 | 5 | 18 | 0 | 3 | 2 | 9 | 0 | 6 | –1 | 2 | 2 | 8 | – 8 | 13 | 3 | 13 | 1 | 7 | 0 | 6 |
| July | 83 | 8 | 20 | 6 | 18 | 1 | 4 | –1 | 9 | 0 | 6 | 1 | 3 | 2 | 7 | – 5 | 14 | 4 | 13 | 1 | 7 | 0 | 6 |
| Aug. | 83 | 8 | 20 | 6 | 18 | 1 | 2 | 1 | 8 | 0 | 6 | 2 | 5 | 3 | 8 | – 4 | 16 | 4 | 12 | 2 | 7 | 1 | 6 |
| Sept. | 83 | 10 | 18 | 7 | 17 | 2 | 4 | 2 | 8 | 0 | 8 | 0 | 6 | 3 | 11 | – 1 | 14 | 5 | 13 | 2 | 9 | 1 | 7 |
| Oct. | 83 | 11 | 18 | 7 | 13 | 3 | 3 | 2 | 9 | –2 | 7 | 0 | 4 | 4 | 12 | 3 | 10 | 6 | 13 | 2 | 8 | 1 | 6 |
| Nov. | 83 | 11 | 15 | 6 | 12 | 4 | 3 | 3 | 10 | –1 | 7 | 0 | 5 | 4 | 14 | 6 | 7 | 6 | 12 | 3 | 9 | 2 | 6 |
| Dec. | 83 | 12 | 15 | 6 | 10 | 3 | 4 | 3 | 8 | –1 | 8 | –2 | 5 | 4 | 12 | 9 | 10 | 7 | 11 | 3 | 9 | 2 | 7 |
| Jan. | 84 | 13 | 15 | 5 | 9 | 2 | 3 | 5 | 8 | 0 | 12 | –1 | 9 | 4 | 12 | 8 | 11 | 7 | 12 | 3 | 9 | 2 | 8 |
| Feb. | 84 | 13 | 17 | 4 | 7 | 2 | 3 | 4 | 7 | –1 | 9 | –1 | 9 | 5 | 11 | 8 | 14 | 7 | 12 | 3 | 8 | 2 | 7 |
| Mar. | 84 | 11 | 12 | 3 | 7 | 1 | 4 | 2 | 5 | –1 | 9 | –1 | 7 | 4 | 10 | 11 | 11 | 6 | 9 | 2 | 8 | 1 | 6 |
| Apr. | 84 | 11 | 10 | 4 | 6 | 1 | 2 | 2 | 6 | –2 | 9 | 0 | 6 | 5 | 11 | 11 | 9 | 6 | 9 | 3 | 8 | 1 | 6 |
| May | 84 | 11 | 9 | 3 | 5 | 0 | 2 | 2 | 7 | 0 | 9 | 0 | 6 | 5 | 10 | 12 | 8 | 6 | 8 | 2 | 7 | 1 | 6 |
| June | 84 | 11 | 6 | 4 | 6 | 0 | 1 | –3 | 4 | –1 | 5 | | 4 | 4 | 7 | 8 | 7 | 6 | 5 | 1 | 5 | –1 | 4 |
| July | 84 | 9 | 4 | 5 | 4 | –1 | 1 | 3 | 5 | 1 | 4 | | 1 | 4 | 8 | 11 | 10 | 5 | 4 | 3 | 5 | 1 | 3 |
| Aug. | 84 | 8 | 5 | 4 | 4 | –1 | –1 | 3 | 4 | 2 | 5 | | 3 | 4 | 8 | 7 | 11 | 5 | 5 | 3 | 5 | 3 | 3 |
| Sept. | 84 | 7 | 4 | | | | | | | | | | | | | | | | | | | | |
| | | Ten Year Annual Growth Rate, Percent | | | | | | | | | | | | | | | | | | | | | |
| 1969–79 | | 3 | 3 | 4 | 4 | 2 | 2 | 3 | 3 | 4 | 4 | 3 | 3 | 5 | 5 | 4 | 4 | 3 | 3 | 4 | 4 | 3 | 3 |

## THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations as well as the leading indexes. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across the Board,* April 1980 and *Business Cycles, Inflation and Forecasting,* Ballinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however. Constant monitoring is needed to make effective use of the system and get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationary trends.

The indexes for the eight industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates, 1969-79, are equal to those in real GNP in the country concerned. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

To find out more about this indicator system and the availability of detailed data for each country please address inquiries to:

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